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referred to it and make specific recommendations. Generally the conference would deal with matters of general policy relating to irrigation and drainage.

5. All representations intended to be examined during the conference should be made in writing to the Executive Engineer, Public Works Department (Secretary of the Conference) and such representations made two months in advance of the date of the conference would be included in the agenda for the meeting. The Executive Engineer or the Collector may at his discretion include in the agenda for a meeting individual representations without prior notice, if necessary.

6. The subjects to be considered at the conference should be predigested by joint investigation by Public Works Department, Revenue, Agriculture and other departments concerned. The Executive Engineer concerned should prepare the agenda for the conference, subject to the approval of the Collector, and communicate it to all members concerned and departmental heads in the district at least a month before the date of the proposed conference so as to give time to all members especially the non-official members to study the question involved. Local officers like Revenue Divisional Officers, Agricultural Demonstrators, Public Works Department Supervisors, etc., may hold informal conferences with prominent ryots where necessary during the process of predigestion of the proposals to be considered by the District Irrigation Conference. This would enable the local ryots to represent their views to the Government officials and also enable the Government officials in turn to explain the details of any new proposed schemes to the ryots.

7. Separate self-contained references on such of the resolutions passed at the conference as call for orders of Government should be submitted by the Executive Engineer through the Collector, the Chief Engineer (Irrigation), the Board of Revenue and the Agricultural and Irrigation Development Board and should reach the Government along with the recommendations of the Chief Engineer and the Boards.

APPENDIX IV.

[Vide item III (2) on page 555 supra.]

REPORT OF THE SELECT COMMITTEE ON THE MADRAS PLANTATIONS AGRICULTURAL INCOME-TAX BILL, 1954 (L.A. BILL No. 30 OF 1954).

To

THE HONOURABLE THE LEGISLATIVE ASSEMBLY,
MADRAS.

The Select Committee appointed to consider the Madras Plantations Agricultural Income-tax Bill, 1954 (I.A. Bill No. 30 of 1954), has the honour to make the following report.

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2. The Bill was published in an Extraordinary issue of the *Fort St. George Gazette*, dated the 28th July 1954, and in Tamil Telugu, Malayalam, Kannada and Hindustani in the *Fort St. George Gazette*, dated the 18th August 1954.

3. The Select Committee was appointed by a resolution of the Assembly, dated the 9th August 1954.

4. The Select Committee met in the Committee Room, Fort St. George, on the 27th September 1954, 28th, 29th and 30th October 1954 and the 30th November 1954.

5. At its first meeting on the 27th September 1954, the Committee resolved to hear representations regarding the Bill from persons interested in it and also to inspect some of the plantations in the State so that they might have first-hand knowledge of the conditions prevailing there. Accordingly on the 21st and 22nd October 1954, the members visited the Glendale Estate, Nonsuch Tea Estate, Farm Tea Estate, the Blenburn Tea Estate, the Prospect Tea Estate and the Government Cinchona Plantations, in the Nilgiris district.

6. The Committee has received written memoranda from (1) the Association of Planters of the State of Madras, (2) the Wynad Coffee Growers' Association, (3) the Vayitri Plantations, Limited, (4) the Auditors' Association of Southern India, (5) the Provincial Bar Federation, (6) the Madras Stock Exchange Association, Limited, (7) Sri A. V. Thomas, M.P., and (8) Dr. V. K. John, M.L.C., and on the 28th October 1954, it also heard oral representations from their representatives.

7. The Committee has subjected the Bill to a careful scrutiny.

8. The Committee considers that the differentiation made under clause 3 in respect of joint families should be removed and such families should be treated as one unit for purposes of taxation. The dividend received by an individual from a plantation company cannot be treated as plantation income and therefore cannot be made liable for agricultural income-tax under this Bill. It is only on company collectively that the State can levy a tax under this Bill. If a company can be treated as one unit, there is no reason why a joint Hindu family should not be treated as a single unit for the purposes of this tax.

9. The Committee has decided to levy a uniform rate of tax subject to a maximum of five annas and six pies in a rupee without any super-tax and has substituted the following for item (6) in the schedule :—

- | | |
|--|--|
| “(6) On the next Rs. 5,000 of total agricultural income. | Four annas in the rupee. |
| (7) On the balance of total agricultural income. | Five annas and six pies in the rupee.” |

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10. The Committee has decided to exempt five acres in respect of tea and fifteen acres in respect of rubber, coffee, cardamom and cinchona from the payment of any income-tax and enable compounding of income-tax on acreage basis for the different plantation crops on the following basis, the assessee having in the alternative the option to submit the return and have the assessment fixed :—

Tea.

5 to 10 acres	..	..	..	Rs. 10 per acre.
10 to 20 acres	—	..	..	Rs. 15 per acre.

Rubber, coffee, cardamom and cinchona.

15 to 30 acres	..	..	..	Rs. 3 per acre.
30 to 60 acres	—	..	—	Rs. 5 per acre.

11. The other important changes made by the Committee are noted below :—

Clause 5.

This clause relates to the computation of agricultural income. The Committee considers it necessary that in computing the total agricultural income provision should be made for deducting also the interest paid on the amount borrowed for current expenditure and the bonus paid to the workers and have added new sub-clauses to that effect subject to the limits and the restrictions stated therein.

The Committee also decided to allow deduction for re-planting expenditure subject to a maximum of $2\frac{1}{2}$ per cent of the acreage for rubber and coffee, $1\frac{2}{3}$ rd per cent for tea, $1\frac{1}{3}$ rd per cent for cardamom and 10 per cent for cinchona.

It has added an explanation to item (f) as follows :—

Explanation.—In this clause ‘buildings’ include all structures constructed with a view to provide amenities to workers as defined in the Plantation Labour Act, 1951 (Central Act LXIX of 1951, employed on the plantations.”

An addition has also been made to the proviso under this clause to the effect that no depreciation would be allowed under this Bill if any depreciation is allowable under the Income-tax Act.

Clause 17.

Sub-clause (4) of this clause gives power to the Agricultural Income-tax Officer to cancel the registration of a firm for failure to make the prescribed return under clause 16. The Committee thinks that at least notice should be given by the Agricultural Income-tax Officer to the assessee to show cause within a time-limit to be prescribed why registration should not be cancelled and has added a proviso to this effect.

A new clause has also been added giving power to the Agricultural Income-tax Officer to make provisional assessment in advance of regular assessment.

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Clause 31 (renumbered as 32).

This clause refers to appeals against the orders of the Assistant Commissioner. The Committee has revised the fee payable under sub-clause (4) as Rs. 100 or 5 per cent of the sum appealed against, whichever is less and subject to a minimum of Rs. 25.

Clause 33 (renumbered as 34).

The Committee thinks that the Commissioner's power of revision should be defined and has accordingly amended sub-clause (2) on the lines of the Income-tax Act.

Clause 38 (renumbered as 39).

The Committee has added new sub-clauses to this clause empowering the Agricultural Income-tax authorities to impound and retain in custody any books of accounts, etc., and also to seize them subject to necessary safeguards for prevention of harassment by officials, for issue of receipt for articles seized and for protection to officials in the execution of their duty.

Clause 47 (renumbered as 48).

This clause provides that refunds should be claimed within three years after the expiry of the year of assessment. As there is no provision prescribing any period before which assessment is to be completed the Committee has amended the Bill so as to allow refunds for a period of three years after the expiry of the year of the assessment, "or one year from the date on which the assessment is completed, whichever is later."

Clause 57 (renumbered as 54).

The Committee has decided that instead of the existing provision for filing an application to the High Court a provision to file a revision petition to the High Court against the orders of the Appellate Tribunal should be provided for on the lines of section 12-B of the Madras General Sales Tax Act. The clause has been amended accordingly.

Clause 58 (renumbered as 55).

The Committee considers that the income-tax practitioners also should be enabled to appear as authorized representatives on behalf of assessee as in the Indian Income-tax Act and has decided to add a definition of the income-tax practitioner in sub-clause (2) and to make necessary changes in sub-clauses (1) and (3).

New clause after clause 66 (renumbered as 64).

As it is necessary to exempt such of the persons who are liable to agricultural income-tax from payment of surcharge under the Madras Land Revenue Surcharge Act, 1954, in respect of plantations held by them, a new provision has been added to the effect that where a landholder is liable to pay land revenue both in

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respect of a plantation and also in respect of land which is not a plantation, surcharge under this section shall be levied only on the land revenue payable in respect of such land but at the average rate applicable to the aggregate of the land revenue payable in respect of such land and such plantation. In cases where a person owns only plantations, he shall be exempt from the payment of surcharge on the land revenue payable on plantations.

12. The other changes made in the Bill are all shown in the copy of the Bill annexed. It was not considered necessary to refer to them in detail.

13. The Committee decided that the Bill should be republished.

14. A dissenting minute given by a member is appended.

GOVERNMENT ESTATE,
MOUNT ROAD, MADRAS,
Dated 25th January 1955.

M. A. MANICKAVELU,
Chairman.

A Bill to provide for the levy of a tax on Agricultural Income from Plantations in the State of Madras.

[Published in the Fort St. George Gazette, dated 4th February 1955.]

CORRIGENDUM.

Clause 39, sub-clause (1), after item (i), insert the following item :—

“(ii) require any person whom he has reason to believe to be a trustee, guardian or agent, to furnish him with a return of the names of the persons for or of whom he is trustee, guardian or agent and of their addresses;”.

DISSENTING MINUTES.

(1)

We support the principle underlying this Bill intended to tax the agricultural income of plantations of tea, coffee, rubber and cinchona. On behalf of the Opposition, we have held from the beginning of this Assembly that the present system of land revenue should be replaced by a system of graded agricultural income-tax as the only means of relieving the poorer strata of the agriculturists from undue tax burden. It is an established fact that agricultural income-tax is the most equitable measure of taxing agriculture as a whole. Even though this Bill only relates to a part of the agriculture, we support it in principle.

Plantations in our country have developed and brought into existence huge companies owning thousands of acres whose initial capital is very negligible. The development has taken place by ploughing back the huge profits reaped from the industry itself. Plantation mainly depends on nature and the human labour for its development. The labour in the plantations is the most sweated. A careful study of the history of the plantations will

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show that the owners of the plantations have contributed very little by way of investments but have reaped huge profits as compared with other industries. Further, a large percentage of the acreage under plantation is held by foreign companies who carry the profits outside the country without ploughing back these profits for developing the national economy. It is but just that these profits which go out of our country should be mopped up as much as possible in the interest of developing our economy. Approached from this point of view, the rate of income-tax proposed in this Bill is negligible. The rate proposed for the companies is only As. 5-6 in the rupee on a flat rate. This we feel is very low.

The plantations have made, as we have already pointed out, huge profits. One of the companies whose capital is only Rs. 25 lakhs and owning about 4,000 acres of plantations have made a profit of Rs. 56 lakhs within a period of ten years. In addition to that, they have built up a fund for depreciation and reserve to the tune of Rs. 22 lakhs within the said period of ten years, after paying an over all dividend of 71 per cent.

Let us take another case, viz., the Chembra Peak Estates, Limited. Its authorized capital in 1944-45 was only Rs. 3,73,360. But by 1947-48, they have been able to increase their issued capital to nearly Rs. 10 lakhs by 'ploughing back' the profits and not by additional investment. In the course of ten years, between 1940 and 1950, this company has made a net profit of more than Rs. 21 lakhs, i.e., more than six times the original investment. All these figures are on the basis of the balance sheets submitted by the companies themselves.

Although the plantations are making huge profits, the service conditions of the workers who produce these profits have been neglected for nearly a century. Only recently, some legislations have been passed to ensure the minimum facilities. Even now, the wages range between 15 annas and Re. 1-6-0. The profit earned by the majority of the plantation owners go out of the country. Any State interested in the development of our country economy will try to lay its hands on these huge profits without any hesitation. The State will be justified even if they take over these huge estates which have earned profits several times the initial capital without even giving compensation so that the profits earned from them could be utilized for other nation-building activities. Viewed from this angle, the rate of tax proposed in this Bill will appear to be half-hearted and hesitating.

So we suggest that at least 10 annas in the rupee for incomes above rupees one lakh will be necessary.

Individual planters owning small estates need some protection. The provision for exemption and compounding for small planters is very meagre. The Plantation Act of 1951 laying down certain minimum amenities for the plantation workers will have to be borne by these small individual planters also. They are already groaning under the grip of the monopolists both for processing and for marketing their produce.

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So we feel that the exemption limit should be liberalized. The limit of exemption proposed by the Select Committee is 5 acres in the case of tea and 15 acres in the case of other crops. We propose that this may be raised to 10 acres for tea and 30 acres for coffee, rubber and cinchona. If this is accepted, then the facilities for compounding the taxes for individual planters also must be extended. Majority of the Select Committee members have proposed compounding up to 20 acres for tea and up to 30 acres in respect of other crops. We propose that the compounding limit may be raised to 30 acres in respect of tea and 90 acres in respect of coffee, rubber and cardamom.

MADRAS,

M. KALYANASUNDARAM.

February 4, 1955.

(2)

The proposals contained in the present Bill in spite of the modifications suggested by the Select Committee, impose a burden on plantations which is beyond their capacity to bear. No doubt at the meetings of the Select Committee, the rigour of the taxation measure is reduced to some extent but the modifications suggested by the Committee have not in my opinion gone far enough. As has been correctly pointed out in one of the memoranda "a measure of this kind should not act as a drag on efficiency, a penalty for success, or discouragement to expansion and improvement". It is my conviction that the measure is bound to affect seriously the future of the plantation industry.

The Bill relates principally to three major industries—Tea, Rubber and Coffee.

Tea.—The tea industry depends largely on foreign markets for its existence. In view of this dependence on foreign buyers, the price of tea is subject to violent fluctuations. It is well known that the industry suffered an unexpected crisis in 1952 from the effects of which it is just recovering. In view of this and the need to maintain the foreign market, the position of the industry should not be weakened by adopting the high rates of taxation as are proposed now.

Rubber.—The rubber industry is having a difficult existence. It has no competitive position. The Government of India after due enquiry and an elaborate costing survey have granted tariff protection to rubber producers. There is of course a limit to the price which can be fixed for rubber, and the present controlled price is merely a subsistence price. The future of the industry lies in the replacement of the old trees with the new high yielding strains developed by research for which surplus funds or Government subsidy are necessary. If under the guise of the new Bill, Government makes further exactions on rubber producers, their position would be rendered precarious in no time.

Coffee.—Coffee is purely an agricultural crop. I myself am a Coffee planter owning a Coffee Estate in the State of Mysore. Coffee requires a heavy investment of about Rs. 2,500 to Rs. 3,000 per acre until plants begin to yield. It takes 5 to 7 years for the

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coffee plants to bear fruit. The annual yield is dependent upon the vagaries of monsoon and weather conditions. One cannot be sure of getting an yield every year as in the case of the other plantation crops. Right up to 1940, the industry was in a state of chronic depression. The formation of the Coffee Board and the Coffee pool saved the industry from an utter collapse.

The Ministry of Industries and Commerce, Government of India, took upon itself the entire initiative in directing the marketing activities of the Indian Coffee Board at about the end of 1951. The result was financial embarrassment and difficulties to the producers of coffee in general. A substantial quantity of coffee which could have been sold at very profitable prices in foreign market after keeping enough of stock for the internal market, was allowed to accumulate and deteriorate in quality and had to be sold at much below basic price levels. The result was that the return to the grower in 1952-53 was less than the minimum return as determined by the Board.

The Coffee growing industry is one of the most highly taxed agricultural industries. Until the year 1944, no Excise duty was levied on coffee. An Excise duty of As. 3 per pound is now being levied over and above the Excise and Customs duties of Re. 1 per cwt. Even on the first sales by the Indian Coffee Board, sales tax is being levied. Since last year, the Central Government is levying an export duty of Rs. 67-8-0 per cwt. of coffee exported. The incidence of taxation will easily work out at not less than Rs. 180 per acre.

This apart, the Government of India has under consideration the proposal to impose central income-tax on a portion of the income from coffee on the ground that the processing of coffee is not an agricultural operation, but involves process of manufacturing.

In taxing the profits of coffee planters, due allowance has to be made for the highly fluctuating nature of the crop. The tax should be on a different basis from that of tea and rubber.

The timing of this new measure of taxation is certainly inopportune. The Minimum Wages Act has put up the cost of production by raising wages and the Plantation Act of 1951 which has come into force from 1st April 1954 has imposed a heavy recurring capital expenditure necessitating as it does the construction of hospitals and the provision for medical, educational and other amenities for plantation labour. According to the Chairman of the Indian Planters' Association of Jalpaiguri, the new legislation will cost an estate of 270 acres, as follows:—

	Capital expenditure.			Recurring expenditure.		
	(1)			(2)		
	RS.	A.	P.	RS.	A.	P.
Total expenditure	4,44,070	0	0	1,05,885	0	0
Expenditure per acre under tea	1,644	11	3	392	2	8
Expenditure per worker	1,480	3	3	352	15	3
Expenditure per lb. of tea	2	12	4	0	10	7

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On account of the Industrial Disputes (Amendment) Act, 1951, the additional expenditure to the Industry through implementation of the provisions in respect of lay off of labour will be approximately Rs. 30 to Rs. 50 per acre per annum.

The Industry can devote funds for expansion only if it has enough surplus left after meeting all its current production expenses and statutory obligations. If taxes which rest on the balance, left after meeting current expenses are too burdensome, the expansion of the plantation industry is bound to suffer. Instead of increasing the acreage and production, the industry will stagnate and its capacity to employ more people or to contribute more revenue to the Government will be adversely affected.

Expansion of the coffee acreage has suffered very badly since 1952 although prior to it, expansion has been at the rate of nearly 5,000 acres per annum, for about 10 years. In rubber, there has been no notable progress in area since 1946.

The main reason for the slowing down of expansion and replantation is finance for we have ample and suitable for these crops and ample labour necessary for the task—particularly so with the possible ejectment of large numbers of experienced plantation workers from Ceylon.

The Government of India has appointed an Expert Committee to investigate on all aspects of the plantation industry. There is also the Taxation Enquiry Commission at work. The reports and findings of these committees are bound to throw light on facts concerned with the capacity of any agricultural or plantation industry to bear the burden of additional taxation and the most suitable and correct way of imposing fresh tax burdens.

Pending reports from these committees, one has reason to think that a levy of tax on a sliding scale on acreage basis would be more equitable. This will also save Government of enormous collection expenses. The Government will not have to incur additional expenditure, and the assessee of income-tax will be rid of the burden of rendering accounts to the satisfaction of officers, who may in some cases be of harassing type.

To a suggestion made by me to Sri A. V. Thomas, one of the witnesses examined before the Select Committee on 28th October 1954, he said that he would be in favour of a flat surcharge at the rate of Rs. 5 per acre in respect of tea and Rs. 3 per acre in respect of coffee and rubber. He has also suggested that as an additional a maximum of four annas for tea, three annas for rubber and two annas for coffee would work alright. The rates suggested by Sri A. V. Thomas, in my opinion, are very reasonable and could have been adopted.

Application of uniform taxation on all the three main industries may not be equitable. Coffee, rubber and tea are dissimilar in yield, prices, frequency of cropping and incidence of risks and hazards. A rate of taxation which may be borne by one may become unbearable for another.

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During the discussions held on 29th October 1954, I also took the view that in computing agricultural income, deductions allowed in the Income-tax Act should be incorporated in clause 5 of the Bill. The matter was made to lie over for further consideration.

At the meeting of 30th October 1954, the point was again stressed by me that what had been incorporated as proper allowances and deductions in the Income-tax Act and in the Travancore-Cochin Acts should be incorporated in the Bill. It was agreed that this question might be considered at the next meeting. The Committee assembled next on 30th November 1954. As the concessions indicated that day did not go far enough, I wanted my dissent should be recorded.

Taking all in all, the allowances and deductions contained in the Bill including those indicated at the meeting of 30th November 1954 are not far reaching and do not cover items of expenditure that are peculiar to plantations. It is absolutely necessary that all the principles recognized under the Indian Income-tax Act Law should be applicable to Agricultural Income-tax also. This apart, the expenses of the following type are quite common on plantations and should be fully covered :—

- (1) Cess and subscriptions to Planting Associations.
- (2) Subscription to Scientific Research Institutions.
- (3) Accounting and audit charges.
- (4) Directors' expenses and remuneration.
- (5) Managing Partner's expenses and remuneration.
- (6) Pension and gratuity payments to the staff.
- (7) Workmen's Compensation Insurance Premia.

In addition to the above, the following deductions specifically provided for in the Travancore and Cochin Agricultural Income-tax Act, should also be incorporated in the present Bill :—

(a) Any interest paid in the previous year on any amount borrowed and actually spent on any capital expenditure incurred for the benefit of the land from which the agricultural income is derived.

(b) When the land from which the agricultural income is derived is subject to a mortgage or other capital charge, any interest paid in the previous year in respect of that mortgage or charge.

(c) Any interest paid in the previous year on any debt whether secured or not for the purpose of acquiring the land from which the agricultural income is derived.

(d) Any sum paid in the previous year as interest in respect of agricultural loans taken and expended on the land from which agricultural income is derived.

(e) Interest paid on any amount borrowed and actually spent for the purpose of reclaiming, improving or cultivating the property from which agricultural income is derived.

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Earned income allowance.—Whereas in the Indian Income-tax Act, there is provision for an earned income allowance which is exempt from tax, there is no such provision in the present Bill. It will be conceded that more energy and labour are spent in earning agricultural income than in the earning of business income. It is necessary therefore that an earned income allowance of not less than the allowance provided in the Indian Income-tax Act should be provided in the present Bill also.

MANGALORE,

L. C. PAIS.

3rd February 1955.

GOVERNMENT ESTATE, MOUNT ROAD, MADRAS,

5th February 1955.

PROCEEDINGS OF THE SELECT COMMITTEE ON THE
MADRAS PLANTATIONS AGRICULTURAL INCOME-
TAX BILL, 1954 (L.A. BILL No. 30 OF 1954).

(As approved by the Chairman.)

Monday, the 27th September 1954.

The Select Committee met in the Committee Room, Fort St. George, at 11 a.m. on Monday, the 27th September 1954.

The following members were present :—

1. The Hon. Sri M. A. MANICKAVELU (*Chairman*).
- 2 The Hon. Sri C. SUBRAMANIAM.
- 3 Dr. K. B. MENON.
- 4 Sri K. M. SEETHI SAHIB.
- 5 Sri S. DEIVASIGAMONEY.
- 6 Sri K. H. BOMMAN.
- 7 Sri S. KANDASWAMI GOUNDER.
- 8 Sri A. S. SUBBARAJ.
- 9 Sri K. RAJARAM NAIDU.
- 10 Sri M. KALYANASUNDARAM.
- 11 Sri L. C. PAIS.

The Secretary to the State Legislature and the Secretaries to Government in the Revenue and Law Departments were also present.

The Select Committee decided that the following persons and associations who had offered to give oral evidence before the Select Committee might be invited to be present at 11 a.m. on the 28th October 1954 at Fort St. George for the purpose of giving evidence :—

- 1 United Planters' Association of Southern India, Coonoor.
- 2 The Madras Stock Exchange Association, Limited, Madras.
- 3 The Madras Regional Council of the Institute of Chartered Accountants of India, Madras.

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- 4 Sri A. V. Thomas, M.P., Madras.
- 5 Vayitiri Plantations, Limited, Madras.
- 6 Wynaad Coffee Growers' Association, Kalpatta.
- 7 Sri H. C. Kothari on behalf of the Association of Planters of the State of Madras.

It was also decided that if any trade unions applied for permission to give oral evidence, such of them as might be selected by the Chairman might also be invited to be present on the same day to give evidence.

Sri M. Kalyanasundaram wanted that the balance sheets and auditors' reports for five years and administration reports, if any, of the planters' associations mentioned below might be sent for and made available to the members of the Select Committee. It was decided that they might be sent for—

- 1 Blue Mountain Estates, Oriental Buildings, Armenian street, Madras.
- 2 The Chembra Peak Estates, Limited, Kozhikode, Malabar.
- 3 St. Mary's Estate, Rev. E. Stitt, S.I.R.C.J. Mission, Iyampalayam Post, Batlagundu.
- 4 Sri A. Gopalakrishnan, Manager, Kottaram Plantations, Kalpatta, Malabar district.
- 5 The Manager, Vasambadi Estate, Yercaud, Salem district.
- 6 Scotforth Estate, Nagalur, Salem district.
- 7 Savamalai Estates, Valparai, Coimbatore district.
- 8 Korangundi Estate, Valparai, Coimbatore district.
- 9 Ouchterlony Valley Estates, the Nilgiris (office at Kozhikode).
- 10 The Prospect Estate and Seaforth Estate, Southern India Plantation Agency, Belmont, Coonoor.
- 11 Srikundra Estate/Stanmore Estate, Stanmore-Anamalai Estates, Valparai, Coimbatore district.
- 12 The Stanes Amalgamated Estates, Limited, Coimbatore.

The Select Committee also decided that the United Planters' Association of Southern India might be asked to give summaries of figures for all these plantations and also to make available sufficient number of copies of the same for distribution to the members of the Select Committee.

Sri S. Deivasigamani suggested that members of the Select Committee might be enabled to inspect some of the plantations so that they might have first-hand knowledge of the conditions there. The Hon. Sri C. Subramaniam stated that the Government would give the necessary facilities for the purpose. The members of the Select Committee thereupon proposed to meet at Coonoor at 2 p.m. on the 21st October 1954 and then arrange to visit some of the

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plantations. The United Planters' Association of Southern India was to be informed of the desire of the members of the Select Committee to inspect some of the plantations.

The next meeting of the Select Committee was fixed for 11 a.m. on the 28th October 1954 at the Committee Room, Fort St. George.

Thursday, the 28th October 1954.

The Select Committee met in the Committee Room, Fort St. George, at 11 a.m. on Thursday, the 28th October 1954. The following members were present :—

- 1 The Hon. Sri M. A. MANICKAVELU (*Chairman*).
- 2 The Hon. Sri C. SUBRAMANIAM.
- 3 Sri K. RAJARAM.
- 4 Sri L. C. PAIS.
- 5 Sri K. H. BOMMAN.
- 6 Sri A. S. SUBBARAJ.
- 7 Sri S. KANDASWAMI GOUNDER.
- 8 Sri K. M. SEETHI SAHIB.
- 9 Sri M. P. SUBRAMANIAM.
- 10 Dr. K. B. MENON.
- 11 Sri S. DEIVASIGAMANI.
- 12 Sri M. KALYANASUNDARAM.

The Joint Secretary to the Legislature and the Secretary to Government in the Revenue Department were also present.

The Committee examined the Chartered Accountants' Association of India represented by Sri C. S. Sastry, Chairman, Sri V. Soundararajan, Secretary, and Srimathi Sivabogam, Treasurer, and the Madras Planters Association represented by Mr. L. Aldred, Sri A. V. Thomas, Sri H. C. Kothari, Sri Chandrasekaran, Sri N. B. Athrey, Sri P. Ramaswami Mudaliar, Sri H. D. Moses, Sri Dharmaraja Ayyar (Wynaad Coffee Growers' Association) and Sri M. Achuthan Nair (Wynaad Coffee Growers' Association). A summary of the evidence tendered by the witnesses is appended.

The Hon. Sri C. Subramaniam promised to consider the various suggestions made by the witnesses.

The Committee then rose for lunch.

(After lunch—3 p.m.)

The Select Committee examined the delegation of the Madras Stock Exchange Association represented by Sri V. Rangachari, Sri S. Narayanaswami, Sri K. S. Vaidyanathan, Sri K. Venkataraman and Sri E. R. Krishnamurti. A summary of the evidence given by the delegation is appended (Appendix).

The Committee then adjourned to meet again at 11 a.m. on Friday, the 29th October 1954.

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Friday, the 29th October 1954.

The Select Committee met in the Committee Room, Fort St. George, at 11 a.m. on Friday, the 29th October 1954. The following members were present :—

- 1 The Hon. Sri M. A. MANICKAVELU (*Chairman*).
- 2 The Hon. Sri C. SUBRAMANIAM.
- 3 Sri K. RAJARAM.
- 4 Sri L. C. PAIS.
- 5 Sri K. H. BOMMAN.
- 6 Sri A. S. SUBBARAJ.
- 7 Sri N. MAHALINGAM.
- 8 Sri S. KANDASWAMI GOUNDER.
- 9 Sri K. M. SEETHI SAHIB.
- 10 Sri H. B. ARI GOWDER.
- 11 Dr. K. B. MENON.
- 12 Sri S. DEIVASIGAMANI.
- 13 Sri M. P. SUBRAMANIAM.
- 14 Sri M. KALYANASUNDARAM.

The Joint Secretary to the Legislature, the Secretary to Government in the Revenue Department and the Secretary to Government in the Law Department were also present.

Dr. K. B. Menon stated that this tax affected almost exclusively the West Coast as the purchasing power of the people in that area was already low and the imposition of this tax would further reduce their purchasing power and suggested that liberal concessions should be shown to that area in the matter of allowing deductions for expansion of the industry. He however made it clear that he was not against the imposition of the tax.

The Hon. Sri C. Subramaniam explained that the principle of utilizing the proceeds of a tax on the particular area from which it was mostly derived was not a sound principle.

Sri L. C. Pais stated that this tax savoured of discrimination between plantations agricultural income and the other agricultural income. He asked whether the Bill could be amended so as to cover all agricultural income giving power to the Government to exempt income other than the plantations agricultural income.

The Hon. Sri C. Subramaniam replied that in both cases the result was the same and that the consideration of the inclusion of all agricultural income was outside the scope of the Select Committee.

Sri M. Kalyanasundaram wanted information as to the acreage held by companies and private individuals and also how many of the companies were rupee companies and how many sterling companies.

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The Hon. Sri C. Subramaniam replied that there was no precise information but that roughly about 85 per cent of the plantation area came under the companies and also there was no information of the number of rupee and sterling companies.

Sri L. C. Pais asked whether it would not be preferable to levy a flat rate of surcharge pending the report of the Taxation Enquiry Commission and the Three-Man Committee on Plantations.

The Hon. Sri C. Subramaniam replied that from his discussion with the Taxation Enquiry Commission he could say that this measure was on lines which were acceptable to the Commission.

CHAPTER II.

Clause 3.

Sub-clause (1) was approved with the addition of the words and figures "commencing from the 1st April 1955" after the words "each financial year".

Sub-clause (2) was approved.

Referring to sub-clauses (3) and (4), the Hon. Sri C. Subramaniam said that, when the Bill was drafted, the idea was that in respect of a company the income of each of its shareholders should be assessed to tax under this Bill. But there was a legal difficulty. The Government of India had said that the dividend received by a shareholder was not plantations agricultural income and that the State Government could not levy a tax on it. Therefore the position was that the Government could only levy a tax on the income of the company collectively and could not extend the tax to each shareholder individually. So, when a company was going to be treated as one unit, he did not see any reason, why an undivided family should not also be treated as one unit. The Bill put the maximum tax at five annas and six pies (four annas as agricultural income-tax and one anna and six pies as super-tax) for a company and at ten annas for an individual or a family. He wanted to know whether this distinction between companies and individuals was necessary or whether a uniform rate might be applied.

After some discussion the Committee decided to remove the distinction and omit all references to super-tax. The following proposal to amend item (6) and adding a new item in the schedule relating to the rates of agricultural income-tax was made for consideration when the schedule was taken up:—

" (6) On the next Rs. 5,000 of total Four annas in the agricultural income. rupee.

(7) On the balance of total agricul- Five annas and six tural income. pies in the rupee.

Sub-clauses (3) and (4) were omitted.

Clause 4.

The clause was approved.

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Clause 5.

In item (d) for the words "any expenses incurred in the previous year on repairs", the words "any expenses incurred in the previous year on maintenance and repairs" were substituted.

As a consequence of this amendment, item (h) (v) was deleted.

In item (e) for the words "laid out or expended wholly and exclusively for the purpose of deriving the agricultural income", the words "laid out or expended wholly and exclusively for the purpose of the plantation in the previous year" were substituted.

The Committee decided to introduce a further proviso to the effect that no depreciation would be allowed under this Bill if any depreciation is allowable under the Income-tax Act.

The following explanation was added to item (f) :—

"For the purpose of this section, buildings will include all structures constructed with a view to provide amenities to agricultural workers employed on the plantations."

The Committee made it clear that the term "worker" used in the above explanation should carry the same definition as was given in the Labour Code.

In the first proviso to item (f), for the words "full particulars", the words "prescribed particulars" were substituted.

Item (g) was deleted and it was decided to add the following proviso at the appropriate place :—

"Provided that in a particular year the total replanting expenditure shall not exceed the amount necessary for replanting $2\frac{1}{2}$ per cent of the acreage if the crop is rubber or coffee, $1\frac{2}{3}$ per cent if the crop is tea and $8\frac{1}{3}$ per cent if the crop is cardamom."

The Committee made it clear that the allowance for replanting should be allowed only if the amount was actually spent.

Sri H. B. Ari Gowder suggested that item (h) (iii) should be so amended as to include the cost of purchase or replacement of "plants".

The Hon. Sri C. Subramaniam stated that a separate provision might be made in respect of plants.

The Committee agreed to the above suggestion.

The Committee then rose for lunch.

(After lunch— p.m.)

The Select Committee re-assembled after lunch and took up for consideration clause 5 of the Bill which was partly discussed in the forenoon. Sri L. C. Pais wanted that the provision in the Travancore-Cochin Agricultural Income-tax Act regarding deduction of "any sum paid in the previous year as interest in respect of

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agricultural loans taken and expended on the land from which the agricultural income is derived" in computing the agricultural income of a person should be made in the present Bill also. He also urged that such a provision was quite necessary in fairness to all those planters who had borrowed sums for the *bona fide* purpose of growing coffee, tea or rubber.

Sri K. Rajaram pointed out that if this suggestion was agreed to, it would result in discrimination in that a person who had invested his own money would be denied the benefit of this deduction whereas another, who borrowed money, would get the benefit.

The Hon. Sri C. Subramaniam said that such a provision would lead to abuse. There was the possibility of all people (those who invested their own money and those who actually borrowed money) manoeuvring to get this advantage saying that they all borrowed money.

Sri L. C. Pais pleaded strongly that the claims of the genuine borrowers should not be ignored on the ground that others were likely to abuse this provision.

Dr. K. B. Menon thought it fair that interest on loans taken from co-operative societies, scheduled banks, land mortgage banks and other institutions and also agricultural loans for expansion purposes should be deducted even though there was the risk of abuse.

Sri L. C. Pais urged that loans taken from other sources also should be taken into account for this purpose, because in the majority of cases the planter got money from the curer (and not from banks or Government) by hypothecating the crop.

The Hon. Sri C. Subramaniam pointed out that once this concession was given, it was likely that every planter mortgaged his estate on the plea of raising the working capital and thus get the advantage of deducting the interest.

After some more discussion, the Hon. Sri C. Subramaniam said that the question of fixing the rate of interest and also the maximum amount to be borrowed for current expenditure for purposes of deduction in computing the agricultural income would be considered.

The Hon. Sri C. Subramaniam, in reply to Sri Mahalingam, said that bonus to be paid to the workers (as defined in the Plantation Labour Act) to be included in the deduction would be examined and if necessary, provision would be made.

Clauses 6 and 7 were approved.

Clause 8.

In the Explanation to sub-clause (b) of clause (2), after the words "entitled to", the words "the whole or" were added.

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Clause 9.

In line 2 of clause 9, after the words " agricultural income ", the words " of an assessee, all agricultural income " were added

Clause 10.

In sub-clause (b) the words beginning from " which has certified " and ending with " such company " were deleted.

The proviso under this clause was also deleted.

Clauses 11 and 12 were approved.

Clause 13.

Sub-clause (2) was deleted and clause 13 (1) was renumbered as clause 13.

The Select Committee adjourned to meet again at 10 a.m. on Saturday, the 30th October 1954.

Saturday, the 30th October 1954.

The Select Committee met in the Committee Room, Fort St. George, at 10 a.m. on Saturday, the 30th October 1954. The following members were present :—

- 1 The Hon. Sri M. A. MANICKAVELU (*Chairman*).
- 2 The Hon. Sri C. SUBRAMANIAM.
- 3 Sri K. RAJARAM.
- 4 Sri L. C. PAIS.
- 5 Sri K. H. BOMMAN.
- 6 Sri A. S. SUBBARAJ.
- 7 Sri S. KANDASWAMI GOUNDER.
- 8 Sri K. M. SEETHI SAHIB.
- 9 Sri M. P. SUBRAMANIAM.
- 10 Sri M. KALYANASUNDARAM.
- 11 Dr. K. B. MENON.
- 12 Sri N. MAHALINGAM.
- 13 Sri H. B. ARI GOWDER.
- 14 Sri S. DAIVASIGAMANI.

The Joint Secretary to the Legislature and the Secretaries to Government in the Revenue and Law Departments were also present.

The consideration of the Bill, clause by clause, was resumed.

CHAPTER III.

Clause 14.

Clause 14 was approved.

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CHAPTER IV.

Clause 15.

Sri M. Kalyanasundram wanted that the Appellate Tribunal should be permitted to sit at more than one place to facilitate hearing of appeals. The suggestion was agreed to.

CHAPTER V.

Clause 16.

The Chairman moved that the following be added at the end of the main paragraph of sub-clause (4) :—

“, or to furnish in writing and verified in the prescribed manner information in such form and on such points or matters (including with the previous approval of the Commissioner a statement of all assets and liabilities not included in the accounts) as such officer may require for the purposes of this section.”

The amendment was approved.

Clause 17.

Sri L. C. Pais suggested that a proviso be added to sub-clause (4) on the following lines :—

“ that notice shall be given by the Agricultural Income-tax Officer to the assessee to show cause within a time-limit to be prescribed why registration should not be cancelled.”

The suggestion was agreed to.

New clause.

The Chairman moved that the following clause be added after clause 17 :—

“ 18. *Power to make provisional assessment in advance of regular assessment.*—(1) The Agricultural Income-tax Officer may, at any time after the receipt of a return made under section 16, proceed to make in a summary manner, a provisional assessment of the tax payable by the assessee, on the basis of his return and the accounts and documents, if any, accompanying it, after giving due effect to the allowance referred to in section 12.

(2) A partner of a firm may be provisionally assessed under sub-section (1) in respect of his share in the firm's income, profits and gains, if its return has been received although the return of the partner himself may not have been received.

(3) A firm may be provisionally assessed under sub-section (1) as if it were an unregistered firm, unless the firm fulfils such conditions as the Government may, by notification in the *Fort St. George Gazette*, specify in that behalf.

(4) There shall be no right of appeal against a provisional assessment made under sub-section (1).

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(5) For the avoidance of doubt, it is hereby declared that the provisions of sections 39 and 40 apply in relation to any tax payable in pursuance of a provisional assessment made under sub-section (1) as if it were a regular assessment made under section 17.

(6) After a regular assessment has been made under section 17, any amount paid towards a provisional assessment made under sub-section (1) shall be deemed to have been paid towards the regular assessment; and where the amount paid towards the provisional assessment exceeds the amount payable under the regular assessment, the excess shall be refunded to the assessee.

(7) Nothing done or suffered by reason or in consequence of any provisional assessment made under this section shall prejudice the determination of the merits, of any issue which may arise in the course of the regular assessment under section 17."

The amendment was accepted.

Clause 18.

Clause 18 was approved.

Clause 19.

The alterations suggested in the following amendments were agreed to:—

"In sub-clauses (1) and (2), the word 'he' before the words 'may direct' to be changed as 'he or it'."

Sub-clause (5) to be re-drafted as follows:—

"(5) The Appellate Tribunal, the Commissioner or Assistant Commissioner shall, on making an order under sub-section (1), send forthwith a copy of the same to the Agricultural Income-tax Officer concerned."

Clause 20.

Sub-clauses (2), (4) (ii), (6) and (7) were deleted.

Clause 21.

Dr. K. B. Menon suggested that the words "four days" occurring in sub-clause (2) be changed into "seven days."

The suggestion was accepted.

Clauses 22 and 23.

Clauses 22 and 23 were approved.

Clause 24.

Sri Ari Gowder wanted that more than 30 days should be provided for intimating the discontinuance of business. The suggestion was not agreed to.

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The Hon. Sri C. Subramaniam stated that even the thirty days' time allowed in sub-clause (2) for intimating discontinuance of business was too long and suggested that fifteen days might do for the purpose. The suggestion was agreed to.

Clauses 25 to 27.

Clauses 25 to 27 were approved.

Clause 28.

It was decided that the word "branch" might be included after the word "family" wherever it occurred in the clause.

Clauses 29 and 30.

Clauses 29 and 30 were approved.

Clause 31.

The Hon. Sri C. Subramaniam suggested that the fee of one hundred rupees mentioned in sub-clause (4) be amended as follows :—

"a fee of one hundred rupees or 5 per cent of the sum appealed against, whichever is less, and subject to a minimum of Rs. 25."

The suggestion was accepted.

Clause 32.

Clause 32 was approved.

Clause 33.

The Chairman moved that sub-clause (2) might be revised as follows :—

"(2) The Commissioner shall not revise any order under sub-section (1) if—

(a) where an appeal against an order lies to the Appellate Tribunal, the time within which such appeal may be made has not expired; or

(b) where an appeal against the order has been made to the Appellate Tribunal, the appeal is pending before it; or

(c) the order has been made more than one year previously.

(3) Every application by an assessee under sub-section (1) shall be accompanied by a fee of 50 rupees.

(4) Any order passed under sub-section (1) shall be final subject to any reference that may be made to the High Court under section 57."

The amendment was accepted.

Clauses 34 to 37.

Clauses 34 to 37 were approved.

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Clause 38.

The Chairman moved that the following be added as sub-clause (3) :—

“(3) impound and retain in his custody for such period as he thinks fit any books of accounts or other documents produced before him in any proceedings under this Act :

Provided that the Assistant Commissioner or the Agricultural Income-tax Officer shall not—

(a) impound any books of accounts or other documents without recording his reasons for so doing; or

(b) retain in his custody any such books or documents for a period exceeding fifteen days (exclusive of holidays) without obtaining the approval of the Commissioner therefor.”

The amendment was accepted.

The Hon. Sri C. Subramaniam felt that a provision to seize records relating to accounts was necessary and wanted the matter to be examined.

Clause 39.

The question whether the word “person” should be retained was discussed and the Committee decided to retain the same. It was also decided that the manner of collections should be as prescribed in the rules to be framed under the Act and not in the manner set forth in the clause.

The following verbal amendment was also accepted :—

“That the word and figures ‘section 32’ be changed into ‘section 33’”

Clause 40.

Clause 40 was approved.

Clause 41.

The Chairman moved that the word “branch” be inserted between the words “members of such family” and “tarwad”. The amendment was accepted.

Clauses 42 to 46.

Clauses 42 to 46 were approved.

Clause 47.

The Chairman moved that the following be added at the end :—

“or one year from the date on which the assessment is completed whichever is later.”

The amendment was accepted.

Clauses 48 to 52.

Clauses 48 to 52 were approved.

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CHAPTER IX.

Clauses 53 to 55.

Clauses 53 to 55 were omitted.

Clause 56.

Clause 56 was approved.

Clause 57.

It was decided to substitute section 12-B of the General Sales Tax Act for this clause.

Clause 58.

It was decided that the words "registered accountant" occurring in sub-clause (3) be changed into "chartered accountant".

It was also decided to include after sub-clause (2) (ii) the definition of the words "Income-tax Practitioners" as defined in the Indian Income-tax Act and also to amend sub-clause (3) so as to include Income-tax practitioners.

Clauses 59 to 62.

Clauses 59 to 62 were approved.

Clause 63.

Sri K. M. Seethi Sahib suggested that the words "during such hours as may be prescribed" be inserted between the words "may" and "inspect". The suggestion was agreed to.

Clause 64.

The Chairman moved that sub-clause (3) be redrafted as follows :—

"(3) All such rules made under this section shall be published in the *Fort St. George Gazette* and upon such publication shall have effect as if enacted in this Act. The rules so made shall be placed on the table of the Legislative Assembly as soon as possible after they are published and shall be subject to such modifications, whether by way of repeal or amendment, as the Assembly may make within fifteen days during the session in which they are so laid."

The amendment was agreed to.

Clauses 65 and 66.

Clauses 65 and 66 were approved.

New clause 67.

The Chairman moved that the following new clause be added after clause 66 :—

"67. Where a landholder is liable to pay land revenue both in respect of a plantation as defined in the Madras Plantations Agricultural Income-tax Act, 1954, and also in respect of land

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which is not a plantation as so defined, surcharge under this section shall be levied only on the land revenue payable in respect of such land but at the average rate applicable to the aggregate of the land revenue payable in respect of such land and such plantation."

Sri M. Kalyanasundram instanced the case of persons who owned plantations and also other lands and who claimed exemption from the payment of both income-tax and the land revenue surcharge and wanted some provision to prevent such evasion.

The Hon. Sri C. Subramaniam explained that no surcharge was payable in respect of plantations and that where income-tax was levied, in the calculation of the slab the land revenue would be included. The Legal Department was asked to have the amendment redrafted on these lines.

Referring to the question of exemptions and compounding of income-tax, the Hon. Sri C. Subramaniam made the following suggestion :—

" That up to five acres in respect of tea and 15 acres in respect of rubber, coffee and cardamom be completely exempted from payment of any tax.

That in respect of tea from 5 to 20 acres a compounding fee of Rs. 15 per acre be levied or the assessee having the option to submit the return and have the assessment fixed.

That in respect of coffee, rubber and cardamom, between 15 and 60 acres, a compounding fee of Rs. 5 per acre be levied or the assessee having the option to submit the return and have the assessment fixed."

Sri L. C. Pais suggested a flat rate of tax of four annas in the rupee for tea, two annas for coffee and rubber and one anna for cardamom. The suggestion was not accepted.

Sri Ari Gowder stated that the condition of Indian-owned tea estates was very poor and in point of crop value, one acre of European-owned estate compared with as much as ten acres of Indian-owned tea gardens. As such, he pleaded that the exemption limit proposed in respect of tea estates, viz., 5 acres should be raised to 50 acres. The suggestion was not agreed to.

At this stage the Committee rose for lunch.

(After lunch—3 p.m.)

The Select Committee re-assembled after lunch and took up for consideration the question of the exemption and compounding limits. Dr. K. B. Menon stated that the exemption limits proposed in respect of the small growers were very low. Sri S. Devasigamany also pointed out that the yield of the small growers was necessarily very low as they had not got the means to manure or look after the plantations properly. Sri H. B. Ari Gowder represented that if the exemption limits were not raised, they would be ruining the small growers. Even the U.P.A.S.I. had recommended that the exemption should be fixed at 50 acres as far as the

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small growers were concerned. In the Nilgiris there were only 5,000 acres under tea as against 35,000 acres under potato and, if as stated tea brought in a large profit, the entire acreage under potato would have been converted into tea. The Hon. Sri C. Subramaniam pointed out that potato also gave a good return and, if tea yielded a good return only recently as stated by Sri H. B. Ari Gowder, it might have also been probable that the 5,000 acres of tea could also have been converted into potato crop.

After some further discussion, it was agreed that this matter would be considered again after getting reports from the Collectors and the District Agricultural Officers concerned regarding the income per acre of plantations owned by small growers.

The Schedule.

Dr. K. B. Menon stated that in regard to agricultural income-tax, they should be more liberal than in regard to income-tax and that the exemption limit should be on a par with the limit in regard to income-tax. The Hon. Sri C. Subramaniam pointed out that the risk in business was much greater than in agriculture and that was why a maximum of five and a half annas in the rupee was fixed in regard to agricultural income-tax as against fourteen and a half annas in the rupee in regard to income-tax.

The schedule was then adopted subject to the following alterations, viz., that the existing item (6) be omitted and the following added as items (6) and (7) :—

“(6) On the next Rs. 5,000 of total Four annas in the rupee. agricultural income.

(7) On the balance of total agri- Five annas and six cultural income. pies in the rupee.”

Sri L. C. Pais again stressed that what had been incorporated as proper allowances and deductions in the Income-tax Act could also be incorporated in this Bill. He stated that there might be genuine cases of borrowing and the question of interest to be deducted for purposes of computing the agricultural income had yet to be settled. It was agreed that this question might be considered at the next meeting.

Clause 1.

Sub-clause (3) was omitted.

Clause 2.

Clause 2 was approved subject to the following changes :—

(1) The definition of ‘ assessee ’ be redrafted as follows :—

“ ‘ Assessee ’ means a person by whom agricultural income-tax or any other sum of money is payable under this Act and includes every person in respect of whom any proceeding under this Act has been taken for the assessment of his agricultural income or of the loss sustained by him or of the amount of refund due to him.”

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(2) A new explanation be added as follows under clause 2 (a) :—

“ *Explanation II.*—Agricultural income derived from such plantation by the cultivation of coffee, rubber, cinchona or cardamom means that portion of the income derived from the cultivation, manufacture and sale of coffee, rubber, cinchona or cardamom, as the case may be, as may be defined to be agricultural income for the purposes of the enactments relating to Indian Income-tax.”

(3) Clause 2 (a) (ii) be redrafted as follows :—

“ The performance by a cultivator or receiver of rent in kind of any process ordinarily employed by a cultivator or receiver of rent in kind to render the produce raised or received by him fit to be taken to market.”

(4) A new definition be inserted as clause 2 (d) :—

“ ‘ Aliyasantana family or branch ’ means a family or branch governed by the Madras Aliyasantana Act, 1949 (Madras Act IX of 1949).”

The Select Committee then adjourned to meet again at 10 a.m. on the 30th November 1954.

Tuesday, the 30th November 1954.

The Select Committee met in the Committee Room, Fort St. George, at 10 a.m. on Tuesday, the 30th November 1954. The following members were present :—

- 1 The Hon. Sri M. A. MANICKAVELU (*Chairman*).
- 2 The Hon. Sri C. SUBRAMANIAM.
- 3 Sri K. RAJARAM.
- 4 Sri L. C. PAIS.
- 5 Sri K. H. BOMMAN.
- 6 Sri A. S. SUBBARAJ.
- 7 Sri S. KANDASWAMI GOUNDER.
- 8 Sri K. M. SEETHI SAHIB.
- 9 Sri H. B. ARI GOWDER.
- 10 Sri K. B. MENON.
- 11 Sri M. P. SUBRAMANIAM.
- 12 Sri S. DEIVASIGAMANI.
- 13 Sri M. KALYANASUNDARAM.
- 14 Sri C. H. KANARAN.

The Deputy Secretary to the State Legislature and the Secretaries to the Government in the Revenue and Law Departments were also present.

The Revenue Department had circulated a Note regarding the points to be considered by the Select Committee at its meeting and they were taken up for consideration one by one.

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At the outset, Sri L. C. Pais brought to the notice of the Committee that at the meeting of the Select Committee held on 30th October 1954 he suggested a flat rate of three annas and not two annas for rubber as reported in the proceedings. It was agreed to have this noted in the proceedings.

Clause 5.

The new sub-clause (k) to clause 5 suggested by the department providing for deduction, in computing agricultural income, of interest on amount borrowed for current expenditure was first taken up.

Sri M. Kalyanasundaram wanted that the sub-clause should be amended so as to ensure that the borrowing was resorted to only in cases of genuine necessity as otherwise even persons who had no need to do so would resort to borrowing to get the advantage of this provision.

The Hon. Sri C. Subramaniam was of the view that it was better to make it explicit in the Act itself.

It was suggested that the words "for *bona fide* needs of" may be inserted after the word "borrowed."

Dr. K. B. Menon said that such a provision would lead to executive harassment.

Sri S. Deivasigamani was of the opinion that it would be difficult to prove before a court of law that the borrowing was for *bona fide* need.

The principle of the amendment was accepted and it was also agreed to provide specifically that the necessity for the loan was genuine with due regard to the assets of the assessee at the time.

Sri H. B. Ari Gowder moved that the maximum limit on borrowed amount should be raised to 50 per cent of the agricultural income.

After some discussion, it was agreed to increase the limit from 20 to 25 per cent.

The Law Department was requested to have the sub-clause redrafted with reference to the above decisions. The Hon. Sri C. Subramaniam said that the position might be reviewed after the Act had been in force for about a year.

The Committee then decided that the amount paid as bonus to the workers should be deducted in computing the agricultural income and added a new sub-clause (1) to clause 5 as follows:—

"(1) any sum paid to a worker as defined in the Plantations Labour Act, 1951 (Central Act LXIX of 1951), as bonus for services rendered where such sum would not have been payable to him as profits or dividend if it had not been paid as bonus;

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Provided that the bonus is of a reasonable amount with reference to—

- (a) the wages and conditions of services of such worker;
 - (b) the income from the plantation in the year in question;
- and
- (c) the general practice in plantations."

Sri L. C. Pais wanted it to be recorded that in his view all that had been incorporated as proper allowances and deductions in the Income-tax Act and in the Travancore-Cochin Agricultural Income-tax Act should also be incorporated in this Bill.

Clause 38.

The new sub-clause proposed by the department so as to empower the Agricultural Income-tax authorities to seize account books or documents in the custody of the planters was then taken up.

Sri K. M. Seethi Sahib wanted that the powers of the officers to enter the premises and seize the account books should be limited as often times the officers abused their powers.

The Hon. Sri C. Subramaniam was of the opinion that protection should be given to the officers in the execution of their duty.

Sri S. Deivasigamani suggested that, whenever accounts are seized, a search list should be prepared and that in case it is a dwelling house the lady members of the house should be given sufficient notice in advance.

The principle of the amendment was accepted subject to the addition of a proviso giving effect to the above suggestions.

The Chairman then pointed out that the reports called for from the Collectors of various districts and the Director of Agriculture on the question of exemptions and compounding of income-tax had been received and examined and that the limits for exemption and the limits and rates of compounding suggested by the Hon. the Minister for Finance and Education were reasonable and did not require modification.

Sri H. B. Ari Gowder pleaded for special consideration to small planters in view of the fluctuations in prices, their inability to avail of the scientific operations in respect of pruning, the eroded nature of the soil and the consequent inferior quality of the produce. He wanted that the exemption limit in respect of tea should be raised and that the compounding fees should also be revised.

The Hon. Sri C. Subramaniam gave the figures in respect of districts like Nilgiris, Madurai and Malabar and pointed out that as thousands of small growers would be exempt from this tax even under the proposed limit, there was no justification for revising it further.

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It was finally decided to revise the limits and rates as follows :—

“ That up to 5 acres in respect of tea and 15 acres in respect of rubber, coffee, cinchona and cardamom be completely exempted from payment of any tax.

That in respect of tea from 5 to 10 acres a compounding fee of Rs. 10 per acre and from 10 to 20 acres a compounding fee of Rs. 15 per acre be levied, or the assessee having the option to submit the return and have the assessment fixed.

That in respect of coffee, rubber, cinchona and cardamom, between 15 and 30 acres, a compounding fee of Rs. 3 per acre and between 30 to 60 acres a compounding fee of Rs. 5 per acre be levied, or the assessee having the option to submit the return and have the assessment fixed.”

Clause 5.

The following further points were considered with reference to clause 5. It was decided that the percentage deduction allowed as replanting expenditure for cinchona should be subject to a maximum of 10 per cent of the acreage. The proviso to clause 5 (g) was amended accordingly.

The Select Committee also reviewed its original decision to include the cost of purchase or replacement of plants in clause 5 (h) (iii) and decided to omit it in view of the provision made for depreciation in clause (5) (f).

Clause 38 (1).

Sub-clause (1) was recast as follows empowering the assessing authorities to call for information from a Hindu undivided family, an Aliyasanthana family or branch, a Marumakkattayam tarwad or tavazhi regarding the names, addresses and other particulars which may be required for assessment :—

“ (i) require any Hindu undivided family, an Aliyasanthana family or branch, a Marumakkattayam tarwad or tavazhi possessing separate property, firm or company, to furnish return of the names of all the members of the family branch, tarwad, tavazhi, firm or company, as the case may be, their addresses and such other particulars as may be required for the purpose of assessment.”

Clause 58.

It was agreed to add in sub-clause (1) after the words ‘an accountant’ the words ‘or an income-tax practitioner’.

The calculation of total acreage in respect of different plantation crops was incidentally raised and it was agreed to insert a proviso that in computing the total acreage one acre of tea plantation would be treated as equivalent to 3 acres of coffee, rubber cinchona or cardamom. The actual drafting of the provision was left to the Law Department.

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Clause 52.

The Committee decided to delete clause 52 as being repugnant to the provisions contained in the Criminal Procedure Code and to bring in an amending Bill, if necessary, later on.

The Committee authorized the Chairman to approve the further alterations in the Bill with reference to the above decisions and to sign the report.

The Committee resolved that dissenting minutes, if any, should be sent to the Secretary before the expiration of five days from the date of the receipt of the draft report by the members.

The Committee further resolved that the Bill should be republished.

The Select Committee then dispersed.

FORT ST. GEORGE, MADRAS,
30th November 1954.

R. V. KRISHNA AYYAR,
Secretary to Legislature.

Appendix

SUMMARY OF EVIDENCE TENDERED BEFORE THE SELECT COMMITTEE ON THE MADRAS PLANTATIONS AGRICULTURAL INCOME-TAX BILL, 1954, AT THE COMMITTEE ROOM, FORT ST. GEORGE, ON THE 28TH OCTOBER 1954.

1. *Sri C. S. Sastry (Chairman), Sri V. Soundararajan (Secretary), and Srimathi Sivabogam (Treasurer) of the Chartered Accountants' Association of India.*

Sri Sastry stated that his interest in the Bill was professional and wanted that in clause 58 (2) (iii) the word "accountant" should be defined so as to mean only a "chartered accountant" as chartered accountants were governed by an Act of Parliament. He also wanted that the words "registered accountant" appearing in clause 58 (3) should be suitably amended as "registered accountants" were no longer in existence. He also submitted that income-tax practitioners should not be permitted to represent an assessee as provided in sub-clause (1) of clause 58, for the reason that there was no law at present regulating the professional conduct of these men whereas there was a code of discipline prescribed for the "chartered accountants" under an Act of Parliament. The Hon. Sri C. Subramaniam stated that that question would be considered when the occasion for granting recognition to accountants in this behalf arose.

The witness further pointed out that there should be no limit set to the amount of tax exempted especially when the whole income was already taxed. He said that the words "six thousand rupees" occurring in the proviso to clause 10 should go.

The witness wanted that some provision should also be made for a reasonable depreciation being allowed on cost of developing the estate, replanting, new clearings and new plantations. To a suggestion from Sri M. Kalyanasundaram that the cost of replanting might not be much and that such expenses would come under

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“ agricultural expenses ” provided for in the Bill, the witness said that he would be glad to accept that position but in practice he found such a provision would be necessary. The Hon. Sri C. Subramaniam said that it was necessary in this connexion to find out how much should go into the revenue account and how much into the capital account.

To a query from Dr. K. B. Menon the witness replied that depreciation was not sought in respect of land but of the plants on the land whose life was roughly estimated at forty years.

2. *Mr. L. Aldred (Chairman), Sri A. V. Thomas, Sri Chandrasekaran, Sri H. C. Kothari, Sri N. B. Athrey, Sri P. Ramaswami Mudaliar, Sri H. B. Moses, representatives of the Association of Planters of the State of Madras and Sri Dharmaraja Ayyar and Sri M. Achuthan Nair, representatives of the Wynaad Coffee Growers' Association.*

Mr. L. Aldred stated that he and other witnesses with him present at the meeting were members of the Madras Planters' Association. From time immemorial agriculture had been looked upon with a benevolent eye by the Government and the plantation industry occupied the position it did to-day because of the encouragement the Government of the day had always been giving it. There were to-day 300,000 acres under plantations in Madras State giving employment to something like 200,000 workers, with housing and other amenities provided for the workers and their dependants. Unlike heavy industries wherein rationalization was sought to be introduced, the plantation industry was purely “ manual ” and nothing should be done to halt this process of providing employment to a large number of people. He hoped that the process would go on if taxation was kept at a moderate level.

The witness put forward the following points for consideration by the Committee :—

(1) That extra provision should be made for depreciation on actual replacement cost and not on the book value. This principle had been accepted by the Labour Appellate Tribunal in India.

(2) That depreciation should be provided for in respect of replanting having regard to the economic life of the different plants which were subject to damage by disease, rats and insect pests. He suggested that in the light of the accepted normal age of the plants, namely, tea 60 years, coffee 40 years and rubber 40 years, a depreciation allowance of $2\frac{1}{2}$ per cent per acre in respect of rubber and coffee and $1\frac{3}{4}$ per cent in respect of tea should be made.

(3) That the Plantation Labour Act introduced in 1950 threw a heavy burden on the industry in that it had to compulsorily provide amenities to workers such as housing according to approved standards, maternity benefit, education, medical attendance, water-supply, drainage, etc., and that therefore some concessions should be shown either in respect of rates of tax or by way of exemption. He particularly stressed that small entities should be altogether exempted, that is those who owned 50 acres and less.

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(4) That cardamom and cinchona should be completely taken out of the purview of the Bill, as they were merely "catch crops", whose economic life was only six years. Each acre under cardamom yielded only 75 lb. and the cash value of the gross produce was only Rs. 700.

To a suggestion from Sri L. C. Pais, Sri Thomas said that he would be in favour of a flat surcharge at the rate of Rs. 5 per acre in respect of tea and Rs. 3 per acre in respect of coffee and rubber.

Sri Thomas also stated that estates in Salem and Madurai yielded very much less in respect of coffee so that there was always the necessity to keep sufficient funds to maintain the estates during bad years. The proposed tax might hit such estates very hard.

The Hon. Sri C. Subramaniam pointed out that the figures furnished by the Association clearly showed that the estates had always made a profit and never incurred any loss.

The Hon. Sri C. Subramaniam explained that buildings, factories and the like in respect of which depreciation allowance was claimed concerned with the industrial process and not the agricultural process of the work and that therefore any representation in this regard should be made to the Central Government. As regards rubber factories, the matter was one for negotiation between the Central Government and the State Government. About depreciation on plants he stated that granting of some allowance in respect of replanting on a reasonable basis would be examined. He also stated the case of dry areas in the matter of granting exemptions from the tax and the question of granting certain depreciation allowance on new staff quarters and labour lines to be provided by the estate owners with reference to the Plantation Labour Act would be examined.

Sri Kothari pleaded for the dividends paid to shareholders being exempted from the tax as they were already paying a tax of $5\frac{1}{2}$ annas in the rupee. Of course, the private proprietor might be dealt with as proposed in the Bill.

Mr. Aldred suggested that a uniform maximum of 4 annas be levied on both the shareholder and the private proprietor.

Replying to questions from Dr. K. B. Menon, Sri Thomas stated that the average profit per acre from coffee was Rs. 245 and that the investment was somewhere about Rs. 2,000. The entire profit was not distributed then and there to the shareholders. A portion of it was distributed and the balance was ploughed back into the industry.

In answer to a suggestion from Sri Dharmaraja Ayyar, the Hon. Sri C. Subramaniam stated that the question of exempting certain small plantations from payment of the tax and saving them the bother of maintaining accounts would be examined and that the Government would also consider the question of providing an alternative to the assessee of compounding the tax on an acreage basis up to a certain limit and levying tax at the prescribed rates beyond that limit.

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The representatives of the Associations were not in favour of the offer made in certain quarters of paying a lump sum of Rs. 75 lakhs to Government every year for the next three years in lieu of the proposed agricultural income-tax.

Sri Thomas thanked the Committee for allowing them the opportunity to express their views before the Committee. He said that profit motive was there in every industry and that was the only incentive to make industry prosper. There was the fear of about 2½ lakhs of workers being repatriated from Ceylon and no industry other than the plantation industry could provide them all with employment. If the burdens on the industry were made lighter, the industry could prosper, the people could prosper and the country at large could prosper. He concluded by saying that 4 annas for tea, 3 annas for rubber and 2 annas for coffee would work alright.

3. *Sri V. Rangachari, Sri S. Narayanaswami, Sri K. S. Vaidyanathan, Sri E. R. Krishnamurthi and Sri K. Venkataraman of Madras Stock Exchange Association.*

Sri V. Rangachari stated that the main function of their Association was to buy and sell stocks and shares of public joint stock companies of which plantation companies were in majority. They advised investors in regard to purchase of plantation shares by giving them an analysis of the balance-sheets of the plantation companies, etc. The total investment in the plantation industry in this State was about rupees eight crores.

The Association was interested in this Bill because all these investments were channelised through its members and they looked at it from two main points of view, viz., (1) the effect of the tax on investors and how it was likely to affect dividends and ultimately share values, and (2) how it was likely to affect the plantation industry as a whole.

Though the Government of India were interested in the development of the plantation industry, the effect of this tax was likely to diminish the incentive of the investing public in the shares of the plantations, because dividends would go down to the extent to which the plantations, particularly rubber and coffee, had to bear this tax of five annas six pies in the rupee on their net earnings. This would in course of time affect the development of these two industries. As regards tea industry, forty per cent of its income was already assessed to income-tax by the Government of India. Therefore only sixty per cent of the profits of tea companies was liable for assessment under the proposed agricultural income-tax. Tea companies would, therefore, be affected as they had to pay twenty per cent of their net profits towards this tax.

The Taxation Enquiry Commission and the Plantation Enquiry Commission which had been appointed by the Government of India to go into the working of the plantations, had not yet submitted their reports. Therefore no scientific data regarding the

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assessment of the cost of production was available. Meanwhile the Madras Government had come forward with this Bill. Their Association was interested in seeing that the tax should not be so severe as to affect the investing habit of the people.

In reply to a question the witness stated that he would prefer a flat rate levy of two annas in the rupee. On being pointed out that the interests concerned themselves were more generous, the witness said that he would like the rate to be fixed at four annas in the rupee without the super-tax, in regard to rubber and tea. In the case of the coffee industry, they had made a different proposal in their memorandum as it was a marginal industry, and crops were not regular.

The incidence of this agricultural income-tax and the incidence of the obligations cast by the Plantations Labour Act would have a cumulative effect on the industry. Schemes like housing and hospitals for labour were to be debited to capital account instead of to the revenue account, and the companies had, therefore, to find large amounts for implementing these obligations. The Government of India who had kept in abeyance the implementation of the Plantations Labour Act for two years in view of the depressed condition of the tea market now wanted to implement certain provisions of the Act. In addition to this, these three industries had also to allow a sufficient margin to pay a dividend and also to plough back for rehabilitation purposes a portion of the profits.

Tea was no doubt a great earner of foreign exchange but its acreage was restricted by international arrangements. In the case of the other two industries, namely, rubber and coffee, the Government of India wanted money to be ploughed back into these industries. To plant an acre of rubber it would cost Rs. 4,500 and as regards coffee it would approximately be the same. This taken along with the implementation of the Plantations Labour Act would lead to curtailment of dividends which would in turn curtail the investing habit. Also in the present condition of the capital market no new companies could be floated and the existing companies had to find moneys from their own resources for further development. This agricultural income-tax of nearly thirty-five per cent on the net earnings would effectively cripple the future development of these industries. Further, eighty per cent of the share-holders holding three thousand rupees and below were middle-class people. It would be safe to say that sixty per cent of the capital investment was held by the middle-class people. Though some companies had declared dividends of 35 per cent, actually the share-holders got only a return of $7\frac{1}{2}$ per cent as the shares had multiplied in value by four or five times. If dividends went down as a result of this taxation, the capital value would also automatically go down. On being pointed out that there were other causes also leading to falling prices in the share markets, the witness stated that the Government also should not add substantially to that risk. The witness wanted some continuity of policy and that it would be better to start low and gradually

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increase the rate of taxation. The Hon. Sri Subramaniam stated that this agricultural income-tax was going to be a permanent measure and that it would be better to have the rate of taxation fixed now so that there might not be any room for speculation in future. He further added that this tax would not come as a shock to the industry as sufficient notice had already been given.

Answering a question, the witness said that people would not be attracted to investing in new plantations unless a return of $7\frac{1}{2}$ to 10 per cent was forthcoming. The Hon. Sri Subramaniam pointed out that plantation companies were declaring higher dividends than any other industry. The proposed agricultural income-tax was to be limited only to five and a half annas in the rupee, whereas the income-tax in regard to other industries was much higher. The witness said that there was provision for refund in regard to income-tax. Only the Corporation tax was not refundable. Here, in the agricultural income-tax the refund provisions did not apply to a person who was not an agricultural assessee. The only exemption given was that any sums exempted under clause 10 should not exceed one-sixth of the total agricultural income of the assessee or six thousand rupees, whichever was less. They could model the Bill on what was obtaining in Coorg where there was no provision for refund. Then the assessees would not be confused by the chapter on "Refunds".

The witness requested the members of the Select Committee to consider the question of the abatement of this tax to the extent to which it would help both the rehabilitation of the industry and the investment on shares, as both the Governments at the Centre and the State thought it fit to dip into the pockets of the industry as they considered it prosperous enough to do so. He would quote the instance of Kannan Devan, the biggest single plantation in Travancore-Cochin State which had to abandon their manuring programme last year as they had to discharge their obligations under the Plantations Labour Act. In reply to a question as to how much money was actually spent on labour welfare by that company, the witness said that as it was a sterling company he could not give the figures.

As regards the rubber industry, the State did not have a very large area under rubber. There was no export market for rubber as the entire production was consumed internally. Though the rubber plantations were having a fair margin of profit, this tax would leave them no margin for rehabilitation purposes because the price of rubber was fixed by the Government and the annual output was also more or less the same in any particular estate.

To a question as to when this tax was going to be given effect to, the Hon. Sri Subramaniam said that the profits of 1954-55 would become assessable in 1955-56.

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REPORT ON THE VISIT OF THE MEMBERS OF THE
SELECT COMMITTEE ON THE MADRAS PLANTA-
TIONS AGRICULTURAL INCOME-TAX BILL, 1954, TO
THE PLANTATIONS IN COONOR AND OTHER
PLACES.

(As approved by Chairman.)

In accordance with the decision arrived at at the meeting of the Select Committee on the Madras Plantations Agricultural Income-tax Bill, 1954, held on the 27th September 1954 in the Committee Room at Fort St. George that the members should visit some of the plantations so that they might have first-hand knowledge of the conditions there, the following members assembled at "Hampton", Coonoor, at 2-30 p.m. to chalk out their programme of visit to the plantations :—

- 1 Sri K. RAJARAM.
- 2 Sri L. C. PAIS.
- 3 Sri K. H. BOMMAN.
- 4 Sri S. KANDASWAMI GOUNDER.
- 5 Sri K. M. SEETHI SAHIB.
- 6 Sri M. P. SUBRAMANIAM.
- 7 Dr. K. B. MENON.
- 8 Sri S. DEIVASIGAMANI.
- 9 Sri M. KALYANASUNDARAM.

The Joint Secretary to the State Legislature and some representatives of the U.P.A.S.I. were also present. The following programme was fixed up :—

- | | | | |
|------|----|----|---|
| 21st | .. | .. | Glendale Estate (Tea).
Nonsuch Tea Estate. |
| 22nd | -- | -- | Farm Tea Estate.
Kotada Estate (Coffee).
Glenburn Estate (Coffee and Rubber). |
| 23rd | .. | -- | Silvercloud Estate (Coffee).
Prospect Estate (Tea). |

On the 21st evening the party visited the Glendale Estate and Nonsuch Tea Estate. On the 22nd the members (Sri H. B. Ari Gowder, M.L.A., a member of the Committee; was also present) visited the Farm Tea Estate, the Glenburn Estate, the Prospect Tea Estate and the Government Cinchona Plantations and the factory at Neduvattam. The visit to Silvercloud Estate and Kotada Estate was cancelled on account of bad weather.

At the request of the President, United Planters' Association of South India, the members of the Select Committee met the members of the Madras Planters' Association at the U.P.A.S.I. Buildings at 2-45 p.m. on the 22nd October 1954. Dr. K. B. Menon wanted certain figures in respect of the plantations they visited to be furnished. To an enquiry by a member of the

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Select Committee, the President stated that on an average $1\frac{1}{4}$ workers per acre were employed in a tea estate, $\frac{3}{5}$ ths worker per acre in a coffee estate and $1\frac{1}{2}$ workers in a rubber estate.

A summary of the information elicited by the members from the Planters and the representatives of the U.P.A.S.I. is appended (Appendix).*

R. V. KRISHNA AYYAR,
Secretary to the State Legislature.

Appendix

Glendale Estate.—This estate is owned by Messrs. Kothari and Sons. The total area under cultivation is 800 acres. There is a factory attached to the estate and the machinery in the factory is not, it is stated, quite modern. There are 75 workers in the factory only. Besides these more than 800 workers are employed in the firm. The annual output of the factory is about $8\frac{1}{2}$ lakhs pounds of made tea. The average selling cost of tea is Rs. 3-6-0 or Rs. 3-7-0 per pound. One pound of made tea is got out of four pounds of green leaves. The yield per acre is 1,240 pounds of made tea per annum. On an average, one labourer per acre is employed. At present they have employed more than $1\frac{1}{2}$ labourers per acre. The factory workers are paid Re. 1-4-0 per diem. The field workers are paid according to the number of pounds of green leaves they pluck, subject to a minimum wage. The total yield of the estate and the yield per acre from 1939-40 to 1953-54 are given below:—

Year.	Total yield. LB.	Yield per acre. LB.
1939-40	369,000	523
1940-41	413,942	586
1941-42	354,183	502
1942-43	357,803	507
1943-44	414,975	588
1944-45	510,000	722
1945-46	510,200	723
1946-47	570,000	808
1947-48	624,000	884
1948-49	582,000	824
1949-50	566,600	802
1950-51	687,000	973
1951-52	663,400	941
1952-53	654,200	983
1953-54	873,500	1,238

Nonsuch Tea Estates, Limited.—This estate is managed by Europeans (Harrissons and Crossfield, Limited). The total acreage of the estate is 802. The Company is a Rupee-company and the majority of the share-holders are English people. There are two factories attached to this estate, the annual output of which is $7\frac{1}{2}$ lakhs pounds of made tea. The machinery used in the factory

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is up-to-date. For instance, the rollers used in this factory have a capacity of 750 pounds. About 75 workers are employed in the factory. There is also a hospital attached to the estate. The annual expenditure for running the hospital is Rs. 35,000. Besides, free quarters for the workers and free education for the children of the workers are also provided. The yield per acre is 970 pounds of made tea per annum. The issued capital of the company is Rs. 16½ lakhs.

The Farm Tea Estate.—This is a small tea estate of 100 acres which is owned by a single proprietor by name Sri Gnanasiromani. There is also a factory attached to the estate. It is understood that for maintaining a factory, at least 300 acres of tea plantations will be necessary.

The average yield per acre is 850 pounds per annum. The reason for the decrease in the yield is that of height. The higher one goes, the lower will be yield. But the quality will be good. There are 75 workers in the farm and 6 in the factory. In rush season, they employ casual labour. Workers are paid according to the provisions in the Minimum Wages Act. The workers are also paid bonus. Last year 8½ per cent of the wages earned was paid as bonus. Free quarters and free medical facilities are also provided. The net profit for the last year ending March 1953 was Rs. 39,000. The investment including advances to the labourers, building, etc., is about 4 lakhs of rupees. The percentage of profit will work out to 10. The Proprietor and his son are working in the estate. But, they are not allowed to charge anything for their pay. The estate was purchased in the year 1944 for 1½ lakhs of rupees and then it was improved. They are building a new factory and the investment in this connection so far has been Rs. 25,000.

The re-planting of the estate will be done bit by bit. Rs. 5,000 will be required for re-planting one acre. This expense is for seven years, the minimum period by which the plants will begin to yield.

If the new Labour Code is implemented, a sum of Rs. 1,20,000 will, it was stated, have to be expended annually for an estate of 300 acres. The above sum does not include the expenditure on account of leave with wages. The recurring expenditure per worker per day may be Re. 1-4-0, excluding the expenditure on account of leave with wages.

Glenburn Estates.—Coffee, rubber and cardamom are grown in this estate. The total extent of the estate is 440 acres. The Manager of the estate was not able to give detailed figures because in the estates he was concerned only with production and the rest of the work was done by the Head office.

Prospect Tea Estate.—The extent of the estate is 1,967 acres. The number of persons employed is 2,700. Educational and medical facilities are provided for the labourers. Free quarters are also given to them. Last year 850 pounds of made tea per acre was produced.

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The approximate cost for new planting will be Rs. 2,000 per acre. The cost of maintenance will be Rs. 250 per acre per year. Manuring, shadowing, etc., will come to Rs. 35 per acre per annum. Normally, only after seven years the plants will begin to yield. In the year 1953-54 the production was 16 lakhs pounds of made tea.

One factory is attached to the estate and about 350 workers are employed in the factory. The company is a limited one and is a sterling company. For the past 20 years, this company is paying a dividend of 5 per cent. The total production per year from 1948-49 to 1953-54 are as shown below :—

Year.	Made tea per year. LB.
1948-49	1,208,551
1949-50	1,157,888
1950-51	1,280,793
1951-52	1,242,736
1952-53	1,604,581
1953-54	1,595,071

Government Cinchona Plantations.—As it was raining very heavily, the members were not able to visit the Cinchona Plantations. The factory was also closed. The members made some enquiries from the officer who was in the factory office and then returned to Coonoor.